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DEPARTMENT FOR AF, AF/W, INR/AA  
DOE FOR GPERSON, CHAYLOCK  
AFRICOM FOR CGAY

E.O. 12958: DECL: 10/20/2016

TAGS: EPET ENRG NI PREL

SUBJECT: NIGERIA: CHINA AND INDIA VIE FOR IOC LEASES

Classified By: A/Consul General J. Richard Walsh for Reasons 1.4 (B,D)

¶1. (U) China has made a bid for 23 offshore oil leases in the Niger Delta, according to a September 29 press report. The blocks "bid" on by the Chinese are currently held by the International Oil Companies (IOCs) and some of the blocks are producing oil. China has reportedly bid up to USD 50 billion to secure 6 billion barrels of oil, but there are reports that the Indians are also preparing an offer.

¶2. (C) Managing Directors (MDs) of the IOCs and service companies here are meeting in London through October 2 to discuss the draft Nigerian Petroleum Industry Bill (PIB), Niger Delta amnesty, and Chinese activity, among other issues. Schlumberger MD Steve Fulgham believes the Chinese will irritate the Nigerians by bringing in everyone, including the kitchen help.<sup>8</sup> Chevron Executive Director Femi Odumabao said he has an email chain between Chinese representatives and a Nigerian oil consultant noting that "China does not wish to follow the formal bid process, rather they prefer to work behind the scenes."

¶3. (C) Total consultant O.B. Haffner said contacts at the Nigerian National Petroleum Corporation (NNPC) informed him that the Indians had also spoken to the GON. Terms were not available although Haffner suggested that they were less favorable to the GON than China's.

¶4. (C) The leases in question are currently held by Chevron, ExxonMobil, Shell and Total. Chevron and ExxonMobil had extended their leases into 2010. Shell has a court injunction on their leases due to earlier actions of the GON to reclaim them. ExxonMobil Project Manager Anh Tran views this development as either the GON upping-the-ante in the negotiations for these yet-to-be-expired leases, or perhaps a trial run of the proposed PIB, which includes the relinquishment of leases. Haffner stated that India has recently bought some offshore leases in the Delta, but has yet to pay for them.

¶5. (C) The local press carried an article quoting Minister of State for Petroleum Resources Odein Ajumogobia who said that the discussions with the Chinese are not new and predate the current administration. Abuja Energy Officer discussed the article with an Abuja-based ExxonMobil official, who noted that the NNPC's alleged sale of its stakes to China or any other credit-worthy country/company could be a positive development given the NNPC's failure to properly finance its

portion of its joint ventures with the IOCs.. The IOCs, banks would be even happier to have a partner that is credit worthy and can pay its share of the bills. On the other hand, the idea that the NNPC would sell the IOC,s share of any of the existing joint venture is alarming. The official added that several senior ExxonMobil executives would be making a one-day trip to Abuja on November 9 to meet with the Ambassador November 9 and promised to discuss the subject in more detail at that time. The Embassy will report on the results of that visit.

**¶6. (U) This cable was coordinated with Embassy Abuja.  
WALSH**